



State of Utah

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Executive Director

July 14, 2006

Name
Address
City, State Zip

RE: Exempt All Terrain Vehicle (ATV) Purchase

Dear Name:

The Auditing Division of the Utah State Tax Commission is currently reviewing ATV's purchased tax exempt. Our records show that on «PurchaseDate», you purchased an ATV at «Dealer» and sales tax was not collected because you provided an exemption certificate claiming the agricultural producer exemption.

To qualify for the agricultural producer exemption, you must meet the requirements outlined in the Utah Code and Administrative Rules. Utah Code Annotated Section 59-12-104(19) states that this exemption applies to "*tangible personal property used or consumed primarily and directly in farming operations.*" Administrative Rule R865-19S-49 further explains, "*a person is engaged in 'farming operations' if that person may deduct farm related expenses under Sections 162 or 212, Internal Revenue Code.*" The deduction of farm related expenses is evidenced by the filing of a federal Profit or Loss from Farming statement (Schedule F), similar federal tax filing, or other related evidence.

If after you review the information above and feel that you are not liable for the sales tax, please provide documentation that your farm is operated as a commercial venture by August 14, 2006. However, if you acknowledge that you are liable for the tax, you need to remit the tax and interest due as calculated on the ATV Summary by August 14, 2006. Not responding to this notice will result in an assessment of tax, interest and possible penalties in accordance with Utah laws.

For the text of the Utah Code and Administrative Rule referenced in this letter, and for answers to frequently asked questions, please refer to our website at www.tax.utah.gov/selfreview (select the **ATV Project** link.) Any questions or concerns can be directed to Matt Duke at (801) 297-4670 or Ralph Hoggan at (801) 297-4759. You can also email us at comp@utah.gov. Thank you for your prompt attention and cooperation regarding this matter.

Respectfully,

Michael Christensen
Tax Audit Manager

mbd
Enclosures